



State of Utah

Department of
Natural Resources

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Division of
Oil, Gas & Mining

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Lieutenant Governor

July 8, 2004

Jerry L. Powers
Manager of Administration
Cotter Corporation
7800 East Dorado Place, Suite 210
Englewood, Colorado 80111

Subject: Operator Request to Change Surety Company, Cotter Corporation,
Papoose Mine, M/037/084, San Juan County, Utah

Dear Mr. Powers:

On July 6, 2004, we received your letter stating you have made a decision to change surety companies from Travelers Casualty to ACE American Insurance Company for the Papoose Mine.

We regret to inform you that even though ACE American has the rating of A- or better as required under rule R647-4-113.4.11, that rule also requires the company to be continuously listed in the current issue of the U.S. Department of the Treasury Circular 570. In checking the Circular 570, the company is not listed; therefore, we are unable to recognize them as an acceptable surety company.

If you wish to replace the existing surety, please make sure the company is listed in the A.M. Best as A- or better and is also listed on the U.S. Department of the Treasury Circular 570 as an acceptable surety company.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
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